

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Pricing, based upon Total Element Long-Run Incremental Costs, for Unbundled Network Elements and Combinations of Unbundled Network Elements, and the Appropriate Avoided Cost Discount for Verizon New England, Inc. d/b/a Verizon Massachusetts' Resale Services in the Commonwealth of Massachusetts

D.T.E. 01-20

AT&T's Comments Regarding Verizon's Motion for Clarification Regarding a Less Costly Alternative to the Current Hot Cut Process

On January 23, 2003, Verizon filed a motion seeking clarification that although it has been directed to propose an alternative hot cut process that would be substantially less costly than the current process, it has not been ordered to propose an alternative that is identical to the frame due time process currently offered by SBC. In theory, AT&T does not oppose this aspect of Verizon's motion. However, AT&T respectfully urges the Department not to accept Verizon's terse proposal that investigation and review of Verizon's new hot cut alternative be limited to CLEC comment and Department review and approval.

I. THE DEPARTMENT HAS ORDERED A LESS COSTLY HOT CUT ALTERNATIVE WHICH IS AT LEAST AS EFFICIENT AS SBC'S FRAME DUE TIME PROCESS, REFLECTS VERIZON'S PROCESS AND SYSTEMS IMPROVEMENTS, AND IS PRICED ACCORDINGLY.

The Department "direct[ed] Verizon to examine carefully the components of the hot cut process and to develop a less costly alternative for CLECs that Verizon would offer as an alternative to the hot cut process modeled in Verizon's NRCM." *D.T.E. 01-20* at 499. As Verizon notes, the Department pointed to SBC's frame due time ("FDT") process as an example of an alternative that avoids costs through more efficient communications and by reducing or eliminating the need for manual processing. *Verizon's Motion* at 3, citing *D.T.E. 01-20*

at 499-500. Verizon argues in its motion for clarification that its systems are not identical to those of SBC and thus that its more efficient hot cut alternative may not be identical to the FDT process developed some time ago by SBC.

For the proposed new process to be consistent with the Department's prior orders, and the clear policy direction it has provided regarding the need for a less costly alternative to the current hot cut process, that alternative needs to: (i) be at least as efficient as SBC's FDT process; (ii) take full advantage of all efficiencies available from Verizon's improved processes and systems; (iii) be priced accordingly, and consistent with the Department's prior findings regarding forward-looking efficiencies that must be reflected in hot cut pricing; and (iv) permit efficient migration of customers without disrupting their service.

AT&T is encouraged by Verizon's representation that it intends to propose an alternative hot cut process which reflects various "process improvements" resulting in "a simplified hot-cut process," and which takes full advantage of the many cost savings possible with Verizon's new web-based Wholesale Provisioning Tracking System ("WPTS"). The introduction of web-based communication among Verizon's provisioning centers and central office technicians, and improved web-based communications between Verizon and CLECs, should permit an alternative hot cut process that eliminates many of the steps in the current hot cut process and substantially reduces the time required for others. Indeed, Verizon suggests that it is now possible to offer an alternative hot cut process that will be at least as efficient as SBC's FDT process, and indeed is likely to provide "enhanced benefits" compared to FDT and do so at a "lower cost to CLECs." *Verizon's Motion* at 4.

It is appropriate to permit, and indeed require, Verizon to develop and implement a simplified hot cut alternative that takes full advantage of these capabilities so long as it is at least

as efficient as SBC's FDT process, and the associated work steps are priced consistent with the Department's TELRIC rulings.

II. THE DEPARTMENT SHOULD PROVIDE APPROPRIATE OPPORTUNITY TO INVESTIGATE VERIZON'S BRAND NEW, ALTERNATIVE HOT CUT PROCESS.

Verizon concludes its motion for clarification by stating that its proposal for an alternative hot cut process "would, of course, be subject to comment by CLECs during the compliance phase of the proceeding, and, ultimately, Department review and approval." *Verizon's Motion* at 5. AT&T respectfully suggests that something more than a mere opportunity for CLECs to comment is needed before the Department can be sure that it understands Verizon's alternative hot cut proposal. The reason is simple: Verizon's alternative proposal will be for a brand new process and will rely on systems and process improvements not previously considered by the Department. Thus, in order to evaluate the proposal, the Department will need to investigate the feasibility and adequacy of the proposed alternative process, the appropriate TELRIC pricing of that alternative, and the tariffed terms and conditions by which appropriate TELRIC rates would be applied.

The Department previously specified the information that Verizon must file in order to document and explain the changes it proposes making to its cost studies to implement the Department's directives regarding cost study inputs, and has indicated that in advance of any comments it will conduct a technical session to ensure that all parties and the Department fully understand the compliance filing. AT&T urges the Department to do the same with respect to the less costly hot cut alternative that Verizon has been directed to propose, but in addition to suspend and investigate the associated tariff filing (once it is made) so that the Department's review of this brand new hot cut proposal is informed by all pertinent information.

First, Verizon should be directed to file and serve initial information and backup regarding its proposed hot cut alternative that includes, as a minimum, the following:

- ~~/s/~~ a full explanation of the proposed hot cut alternative process, including (i) process flow diagrams which explain schematically how the proposed hot cut alternative would work, and (ii) a detailed narrative explanation of how the alternative process would differ from the hot cut process currently offered by Verizon, how the alternative process takes full advantage of all available process improvements and of the new WPTS capabilities and any other systems improvements, and how the alternative meets or exceeds the efficiencies available in SBC's FDT process;
- ~~/s/~~ proposed non-recurring charges for hot cuts under the alternative process (e.g., the proposed NRC under the alternative process for a Two Wire Hot Cut Initial, for each Two Wire Hot Cut Additional, etc.), including (i) complete and detailed supporting documentation from Verizon's NRC model, and (ii) a summary of all changes that Verizon proposes to make to the revised NRCs for the current hot cut process (as proposed in Verizon's compliance filing in this docket) to reflect the greater efficiencies available in the proposed alternative hot cut process; and
- ~~/s/~~ proposed tariff pages to implement the proposed NRCs for the alternative process, separate and apart from the tariff revisions proposed to implement the rest of Verizon's compliance filing.

Such a filing would be consistent with the materials that Verizon has already been ordered to produce in its compliance filing in this docket.

Second, AT&T respectfully urges the Department to suspend and investigate the tariff filing made by Verizon for its alternative, less costly hot cut proposal. The current hot cut process was developed over time with substantial work and input by all affected parties. A

streamlined, less costly hot cut alternative is likely to require changes to a CLEC's internal processes, modifications to its systems, as well as changes to the way in which the CLEC interacts with Verizon. Questions may also arise regarding why Verizon's proposal is preferable to variants of it, and regarding the NRCs that Verizon proposes to charge for hot cuts under the alternative process. Before the Department can determine whether the hot cut alternative proposed by Verizon should be adopted, and whether the NRCs and rate application proposed by Verizon are proper, the Department will need to conduct an appropriate investigation.

At the outset it may make sense to conduct a separate technical session regarding Verizon's proposal for an alternative hot cut process. This proposal will be brand new, and is likely to raise many questions. The nature and scope of those questions will be very different from those concerning Verizon's compliance filing regarding other recurring and non-recurring charges. It would be most efficient to have a technical session devoted to ensuring that the Department and all parties fully understand the alternative hot cut process and associated NRCs proposed by Verizon, so that any issues which must be resolved by the Department may shortly thereafter be identified by the parties.

In addition, proper investigation of Verizon's new proposal will almost certainly require that CLECs be given an opportunity to conduct discovery, to present testimony on contested issues, and hearings and briefing to enable the Department to resolve those issues. That is the process that the Department, quite properly, has followed in the past when Verizon makes a tariff proposal that could result in substantial changes in how Verizon prices and conducts its wholesale business. The same process will be appropriate for evaluating a brand new alternative to the current hot cut process.

Respectfully submitted,

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January 30, 2003.